GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3160
ANSWERED ON:08.12.2000
SAVING RATES
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

(a) Whether the Central Statistical Organisation has estimated that the Rate of domestic savings has fallen to 22.3% of the GDP in 1998-99 from 24.7% in 1997-98;

(b) if so, whether the Government have identified the causes of this decline;

(c) whether the Government propose to hike the interest rate on personal savings to counter this declining trend;

(d) to what extent the Government`s macro-economic policies have identified as the cause of loss of confidence of people in the economy; and

(e) the steps taken to analyse the declining saving rate and the corrective measures taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b), (c), (d) & (e):As per the data available with the Central Statistical Organisation, aggregate savings rate measuired in terms of gross Demestic savings as a proportion of gross domestic product (GDP) at Current market prices declined from 24.7 per cent in 1997-98 to 22.3 per cent in 1998-99. The fall in savings rate during this period is attributed to a fall in the rate of public savings and rate of household physical savings. Household savings in physical assets as proportion of GDP fell from 8.6 per cent in 1997-98 to 7.6 per cent in 1998-99. Similarly, public sector savings as proportion of GDP fell from 1.4 per cent in 1997-98 to almost negligible level (0.03) per cent of GDP in 1998-99. For increasing savings rate in the economy it is imperatrive to improve the parameters which have a bearing on saving behaviour. These include level of fiscal deficit, tax policies, monetary policy, inflation and efficiency of the banking system and the capital market and confidence in the economy. The various economic reforms measures undertaken by the Government are expected to have a favourable impact on the aggregate level of domestic savings. The trends in the economy are closely monitored and are under constant review. Appropriate measuires taken in the light of emerging trends as and when necessary.